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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memcon with President Putin of Russia in
Santiago, Chile, on November 20, 2004 (U)

PARTICIPANTS: The President
Secretary Powell
Steve Hadley, Assistant to the President
Thomas Graham, Special Assistant to the
President and Senior Director for Russian
Affairs, Notetaker
Peter Afanassenko, Interpreter

President Putin
Sergey Lavrov, Minister of Foreign Affairs
Sergey Prikhodko, Assistant to the President
for Foreign Policy
Igor Neverov, Head, North America
Department, Ministry of Foreign Affairs,
Notetaker
Aleksey Fokin, Interpreter

DATE, TIME November 20, 2004, 12:35 - 1:45 p.m.
AND PLACE: Santiago, Chile

The President: Thanks for stopping by. (U)

President Putin: Congratulations on the election. It was a tough battle. I was very pleased that you showed your character. You reacted flexibly, but you didn't change your character, and you won. (U)

The President: It was a tough race. (U)

President Putin: We saw that. People complain of the tough tactics we use in Russia. But now they see where we learned them. (U)

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Classified By: Gregory Schulte
Reason: 1.4(d)
Declassify on: 11/22/2014

NW#: 78134 DocId: 34685218

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The President: My opponent was very gracious after I won. (S)

President Putin: Your advantage was clear then. (U)

The President: He didn't have any choice. (U)

President Putin: What I didn't like was the way your opponent stood before the cameras waving the newspaper and saying that the war was going wrong in Iraq. The terrorists' goal in Iraq was to kill 1000 of your soldiers and hope that would affect the election campaign. Your opponent played into their hands. That was shocking. (S)

The President: I appreciated your statements of support. I saw them as an expression of friendship. That meant a lot. Now we have a chance to work together for four years. (S)

President Putin: If you had lost, I would have had a lot of problems. (S)

The President: You are always a practical man. (U)

President Putin: I did what I did deliberately. (U)

The President: Thank you. (U)

President Putin: I didn't say the terrorists would win if you lost. I said they would be celebrating. And that's what would have happened. (S)

The President: We have a framework to go forward, a strategic dialogue which we have talked a lot about for four years. The commitment is to continue on a variety of fronts. I'm beginning to understand your way of governing, and you understand me. That makes it easier to work together. As part of the Strategic Dialogue, we need to work together on your immediate neighborhood. Our officials need to be in contact. We need to understand what you are dealing with and work together on this level. (S)

President Putin: I agree. There are mechanisms. We need to use them. (U)

The President: Good. Let's do it. On Georgia, I thought cooperation was good. The situation has calmed down. Thank you for the ability to deal with a sensitive issue for you. (S)

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President Putin: There are 5 million Georgians. One million live in Russia. In essence, they maintain their families by working in Russia. We try to find the possibility for dialogue. It's important that they don't cross the threshold and talk about war. The problem is historical. It didn't begin with the collapse of the Soviet Union. Georgia has always pursued a policy of Georgianization of the Ossetians and Abkhaz. It's been that way for centuries. It's a complicated question. In the past, in people's passports, they said people were Georgians even when they weren't. Georgia is a mini-empire. They need to be patient in dealing with other ethnic groups to keep them in one state. (S)

The President: How's their leader? How do you get along with him? (U)

President Putin: Okay. (U)

The President: He's very enthusiastic. (U)

President Putin: Overenthusiastic. I can talk to him. But he has friends who are a bit too much. They put people in jail without investigations and court hearings. Then they start arresting and expropriating property, especially the Minister of Internal Affairs. (S)

The President: The Georgian Minister? (S)

President Putin: Yes. There's a difficult situation within the governing group. Everyone wants to be on top. (S)

The President: That's how it is in America. You think 2004 was bad. Wait until 2008. (S)

President Putin: I had the same problem in Chechnya. Ask any Chechen on the street if Chechnya needed a president, and he would say, "Yes." Ask him who the president should be, and he would say, "Me." (S)

The President: Very good. What's your view of Chechnya? (S)

President Putin: It's as to be expected. Not much good is happening in the rebuilding of the social environment. But it's quiet. (S)

The President: Are you able to track terrorist acts? (S)

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President Putin: It's difficult. There are no fixed borders, especially with Georgia. There are a lot of refugees, including from neighboring republics. (S)

The President: Thanks for all the positive things about Iraq. (S)

President Putin: Everyone was trying to stir up the situation. There are enough problems. I'm looking for solutions. (S)

The President: I appreciate that. Germany and France are being very helpful on Iraqi debt. They agreed to an 80 percent write-off. I hope you could consider the same thing. It would be very helpful. I don't want to isolate you, but . . . (S)

President Putin: Germany and the United States are rich countries, unlike Russia. (S)

The President: You have \$50-a-barrel oil. That's what we are paying. (S)

President Putin: Our oil is \$35 a barrel. (S)

The President: You mean that is your profit from selling a barrel. (S)

President Putin: No, you're talking about Brent, our oil is Urals blend. It has a lot of sulfur. It costs \$35 a barrel. (S)

The President: Well, you have a lot of natural gas. (S)

President Putin: Just what don't we have! But the population is still quite poor. Despite that, as a percentage of GDP, we spend more on write-offs for poor countries than anyone else, including the United States. And we are in third place in absolute terms, after Japan and France, in debt write-offs for poor countries. (S)

Minister Lavrov: For the highly indebted countries. (S)

The President: I'm interested in Iraq. (S)

President Putin: I talked to Baker about this, and I made a statement that we would write off a significant amount, 50 percent. (S)

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The President: Here's where the issue is right now. The Paris Club can move forward with an 80 percent write-off with you. You're in a strange position, or in a powerful position. Who are you going to be with? (S)

President Putin: We'll look at other countries. (S)

The President: Okay. Thank you. (U)

President Putin: We want to decide this issue after the elections in Iraq. I've invited Allawi to Moscow. (S)

The President: You'll like the guy. He's a tough dude. A very strong man. He told a story about Saddam's sending people with axes to cut up his wife and him. He was asleep in a London hotel, and he wakes up to see two guys with axes. He escaped, although they cut him up bad. [REDACTED] b(6)

[REDACTED] b(6) Thanks for inviting him. (S)

President Putin: I will talk to him. Iraq is a rich country. (S)

The President: It sure is, but made poor by a dictator. A stable Iraq is in your interest. I appreciate your comments to that effect. My attitude is that some people fighting there will fight elsewhere. (S)

Minister Lavrov: If they're not fighting there, they would be fighting elsewhere. (S)

President Putin: It is better to get rid of them there. (S)

The President: That's right. Thanks for your position on Iran. Many people think that if Iran were to come close to a nuclear weapon, the Israelis would launch a military strike. But we have no evidence it's imminent. If it happened, you know the consequences. (S)

President Putin: I know. I talked to our European friends. They say that even if it had weapons, Iran would not use them. They're not afraid. But I think the Iranians are crazy; they are ready to sacrifice themselves and others. The Europeans are not very convincing. (S)

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(The President: I took to heart what you said. Iran got parts from all around the world. I appreciate your offer of feedstock and to take back spent fuel. (S)

President Putin: First they have to sign the agreement. We have insisted that they sign an agreement to return spent fuel. (S)

The President: We need to keep working together. We can work together on North Korea, too. I do not want to return to the past position of this being a U.S.-North Korean issue. When I'm in that position, the only option is the military option. I don't want it to come to that. Otherwise, the North Koreans will string it out, saying the U.S. won't do this or that. Thanks for being party to the talks. Of course, the Chinese have more influence on the guy, and more money. (S)

President Putin: I said to Hu, "George says you are the best guy to handle it." (S)

The President: What did he say? (S)

President Putin: He just waved his hands. (S)

(The President: I don't want the U.S. doing this alone. (S)

President Putin: I think the Six-Party talks are right. (S)

The President: China wants to wave them off. (S)

President Putin: They're very important. (S)

The President: Hu is a modern thinker. (S)

President Putin: For 5-6 years, he was behind Zemin. Who knew what he was doing? (S)

The President: You'll never find out. (S)

President Putin: On Afghanistan, we understand what is happening. We can call the elections "conditional." But we understand the need to settle the situation. The United States, Europe, and Russia need a coordinated position. When the process began, during the military operation, you said you would look at all ethnic groups in forming the government. (S)

(The President: Right. (U)

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President Putin: We supported your idea of a Pashtun leader. This worked for everyone, the Uzbeks, Tajiks, Hazara. Now we see isolation of the Northern Alliance. Honestly, I don't understand why. They are easy to talk to; they fought against the Taliban. They are not close to us; they fought against the Soviet Union. Squeezing them out in the future will only worsen the situation. That's the reason why Afghanistan is not ready for parliamentary and local elections, although initially parliamentary and the presidential elections were supposed to be held simultaneously. (S)

The President: Right. That's why they were postponed for a year. (S)

President Putin: We are concerned about the internal fighting. I propose that the MFA and State Department, the special services, cooperate more on Afghanistan. (S)

The President: Good. (U)

President Putin: All these ethnic groups will run into the former Soviet Union, into Central Asia. We won't be able to stop them there. They will restart civil wars. In essence, they are one nation. The Northern Alliance are Tajiks. No matter what Tajikistan says, they will still help them. (S)

The President: We are close personally, and people ask me a lot: "What's Vladimir's strategy on democracy." I've raised my checks-and-balances concerns. But I am also your strongest defender. I know you gave a speech along this line. That's very good. You caught everyone by surprise, as you always do. It was an interview, not a speech. I understand Russia is in a state of transition. You didn't ask for my advice, but it is important to explain your view. You're one of the most visible world leaders. We've had a good conversation, and I hope you don't take it personally. But Russia is a huge, important country, and you are one of the most unique leaders your country has had. (S)

President Putin: If people ask you questions, just send them to me. (S)

The President: The New York Times asks, for example. You don't want me to send them. (S)

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(President Putin: The New York Times only runs what they are paid for. I'm ready to talk to you. Our country was put together in a unique way. It has a huge territory with ethnic groups with large territories on which they reside. In essence, there is a potential for disintegration. Stalin made a fundamental mistake in state-building. The Russia Empire was multinational, but it was never a federal state. Never. Stalin broke out the national republics and federalized the country. That laid the basis for disintegration. He thought the Communist Party would last forever. Through it, he would maintain a unitary state, even if the country was formally federalized. Today, we need a formula that ensures links between the regional and local authorities and the national level. That's why I proposed that regional leaders be elected by the legislatures on the basis of nominations by the President. (S)

The President: How does that work? People are asking me. (S)

President Putin: The President will propose a concrete person and the regional legislature will vote yes or no. (S)

(The President: Are the parliaments locally-elected? (S)

President Putin: Locally elected. (S)

Minister Lavrov: Direct popular vote. (S)

The President: It's an up or down vote? (S)

President Putin: For or against. (U)

The President: If it rejects the candidate, does the President propose another one? (S)

President Putin: Yes, a different person or the same person. The President can dissolve the legislature or suggest another candidate, if the second candidate is rejected. Election of regional leaders will be by a group of electors. (S)

The President: I wish I had the right to abolish some legislatures. (S)

(President Putin: It's an extreme measure. There are different methods. In some places, regional leaders are simply appointed. In India, they are appointed. In the UK, for all practical purposes, they are appointed - in Wales and Scotland - even

though it's a multiethnic country. You need to take into account the state of the political system in Russia. The influence of economic/political groups works directly, not indirectly, because there is no party system in place. On the regional level, there is a mono-party system. Some examples: In 1999, there was an election in the North Caucasus, in Karachai-Cherkessia. The Karachai are the larger group. They voted for and elected a Karachai President. That night, a violent conflict broke out. There were dead bodies in the street. If we had a multiparty system, a civil society, ethnic clashes would not be so prominent. But in the absence of these instruments, the result is ethnic clashes. In some republics, they alternate ethnic groups at the head. In Dagestan, there are a hundred ethnic groups. Five are titular. If the President comes from one ethnic group, the Prime Minister comes from another one, and the head of parliament from another. Then they count how many representatives of different ethnic groups serve as deputies. (S)

The President: You're worried that democracy would upset the balance? (S)

President Putin: I'm worried about the country. They don't give a damn about the elections. They find a leader, and then they find all the other leaders under him. It's very important to encourage a multiparty system. Party lists should encourage the development of a multiparty system. (S)

The President: That's a message that hasn't gotten out. (S)

President Putin: One minor point. The governors have a powerful impact on the elections in the single-mandate districts. If the President has more influence over the governors, then he would have influence over these elections. I have limited the possibility of the President having that power. (S)

Minister Lavrov: When the President nominates the governors to the local legislatures, his power is limited by going to a proportional representation system. (S)

The President: The people are watching. That message is not getting out. They haven't heard the concept of limiting the power of the President and building a multiparty system. I appreciate that discussion. (S)

(President Putin: We need to explain it better, but there is nothing that contradicts modern principles of democracy. We are looking for a more acceptable form of statehood for Russia. (S)

The President: I'm going to Europe after the inauguration. We could meet then. We would have more time. (S)

President Putin: We could discuss the substance of bilateral relations. I will be glad to receive you in Moscow on May 9, as you promised. It's the 60th anniversary of the end of the Second World War. (S)

The President: When did I promise that? (S)

Minister Lavrov: August 23, during the election campaign. (S)

The President: In the middle of the campaign, I made a lot of promises. But we will agree. We could meet some place in Europe. (S)

President Putin: Like Geneva or Luxembourg. (S)

(The President: How about Ukraine? On Ukraine, who's going to win? (S)

President Putin: It's hard to tell, but I think the Prime Minister - what's his name? - Yanukovich? - will win. Yushchenko has taken all the electorate he will get in the first round. He is a pro-Western politician and the Left will never vote for him. In the first round, the vote split fifty-fifty. The only additional votes come from the Left. Moreover, in the Western regions, the turnout was close to 100 percent, but it was only 60 percent in other regions. (S)

The President: So it's a matter of turnout? (S)

President Putin: If the turnout goes up, Yanukovich will win. (C)

The President: It's time to go. (U)

-- End of Conversation --